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INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE
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RUEHAK/AMEMBASSY ANKARA 2905
RUEHBJ/AMEMBASSY BEIJING 0726
RUEHKO/AMEMBASSY TOKYO 0602
RUEHIT/AMCONSUL ISTANBUL 1178
RUEKJCS/JOINT STAFF WASHDC
RHMFIUU/CDR USCENCOM MACDILL AFB FL
RUEKJCS/SECDEF WASHDC
RUEAIIA/CIA WASHDC
RHEHNSC/NSC WASHDC
RHEFDIA/DIA WASHDC
RUCPDOG/DEPT OF COMMERCE WASHDC
RHEBAAA/DEPT OF ENERGY WASHDC
RUEATRS/DEPT OF TREASURY WASHDC
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UNCLAS SECTION 01 OF 02 ASHGABAT 001147

SIPDIS

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SUBJECT: MORE CHANGES TO THE FACE OF ASHGABAT, AND TURKMENISTAN

REF: A) Ashgabat 843
B) ASHGABAT 1126
C) Ashgabat 1064
D Ashgabat 968
E) Ashgabat 970

11. (U) Sensitive but unclassified. Not for public Internet.

12. (SBU) SUMMARY: President Berdimuhamedov has approved \$1.8 billion in construction projects since he became president in February. As additional projects are constructed outside of Ashgabat, provincial residents say that infrastructure projects should be prioritized over building projects. Fewer people purchase elite apartments due to corruption, even as the number of completed apartments increases. The profile of Turkish company Polimeks, the government's new favorite, is rising in the void left by Gap Inshaat. END SUMMARY.

MORE CONSTRUCTION TAKING PLACE

13. (SBU) Immediately before departing for New York on September 23, President Berdimuhamedov approved 17 construction projects worth \$216 million that should be completed by the end of 2009. All together, the president has approved nearly \$1.8 billion in contracts since taking office in February 2007. Most of the newly approved projects, such as four 10,000-person stadiums, four 50-room hotels, four 600-person schools, and four 160-person kindergartens, are to be built in the provinces. These projects, in addition to previously announced provincial construction projects (Ref A), reflect the promises Berdimuhamedov made during his election campaign. However, according to a farmer from Dashoguz province, these multi-million dollar projects are built in main towns and are not accessible to villagers. Instead, "building roads and supplying families with water would be the best help the government could provide us," he said.

TEMPTATION IS TOO HARD TO RESIST

14. (SBU) Construction continues booming in Ashgabat. More than ten

projects have been completed in honor of the 16th anniversary of Turkmenistan's independence. On October 17, the president officially opened the Ministry of Culture and Broadcasting's new building. Although Berdimuhamedov requested a decrease in the level of exuberant festivities for these types of events in the first months of his presidency, he seems to enjoy them now. This particular opening was an over-the-top extravagance that included thousands of students in their best clothes lining the street outside the ministry and an exceptional laser light show and fireworks display.

POLIMEKS IS A RISING STAR

15. (SBU) The Turkish company Polimeks built both the new Presidential Apparatus building (scheduled to open soon) and the Ministry of Culture and Broadcasting. The construction company for numerous buildings in Turkmenistan, Polimeks has the reputation of being a steady and reliable partner. Polimeks seems to have become the government's favorite just as another Turkish company, Gap Inshaat, no longer holds a key role in the construction industry (Ref B). As a result of a strengthened relationship with the president the company's business has expanded: since February 2007, Polimeks has received contracts for nearly \$260 million in projects in Ashgabat, including a drinking water factory, a high-rise oncology medical center (next to the U.S. Embassy housing compound), apartment buildings, and another fountain complex (Ref C). Most recently, the company secured a contract for a \$68 million oil-expeller plant in the model village of Turkmenistan, Ruhabat. (NOTE: Ruhabat is also the home village of the late president, Niyazov. END NOTE.)

16. (U) In addition, Polimeks won on October 20 the first three projects of the "Avaza" national tourist zone (Refs D and E) in

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Turkmenbashi city, totaling over \$510 million. These projects are a \$67 million water desalination plant, a \$189 million water supply and sewage system for the entire city, and a \$254 million 7-kilometer recreational canal winding through the tourist complex. Polimeks and Ickale, another Turkish company, will work on the latter project jointly.

"ELITE APARTMENTS:" NOT FOR EVERYBODY

17. (SBU) Various ministries and agencies are to take delivery of eight "elite" apartment buildings this month. On October 19, PolEcon assistant attended the opening of an elite apartment building for the Ministry of Energy and Industry. In contrast to the high-quality, Western-standard apartments built in recent years, the ceilings were lower, the wooden doors were artificial, and room layout was awkward. The building that PolEcon assistant toured contained 60 apartments. If all eight buildings have on average 60 apartments, this would mean housing for 480 families. In reality, the number of people who can afford these apartments is limited.

18. (SBU) One can purchase an elite apartment if he/she has been an employee of a particular ministry for five years or longer. Ministry employment also entitles a person to a 50-70 percent discount and a 15-year 3 percent interest mortgage to cover the remaining cost. Those not employed by a ministry can purchase elite building housing by paying the full price, plus so-called "overhead." An Embassy employee's relative, who gave up after three years of trying to buy an elite apartment, said: "not only can an average family not buy, but it cannot even approach them [elite apartments], since they are way too expensive." Regardless of employer, the middle man and bribes are de facto prerequisites for anyone wishing to experience life in an elite apartment. We have heard that the well-heeled and well-connected are buying large blocks of apartments for investment and speculation.

19. (SBU) COMMENT: The nearly \$1.8 billion in construction projects signed during the nine-month period Berdimuhamedov has been in office only evidences that more marble is expected to be laid and cities in Turkmenistan will become whiter. Although the

desalination plant, water supply, and sewage system are fundamentally necessary for Turkmenbasy city, the \$254 million artificial canal is too high of a price to beautify what may be one of the white-elephant projects of the century. Turkish companies continue driving the construction industry in Turkmenistan at the expense of the development of local construction companies. Elite apartments are unapproachable, unless you have money and good connections or lots and lots of money. END COMMENT.

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